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CIA/RR-CB-61-32

Copy No. \_\_\_\_\_  
7 June 1961

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## CURRENT SUPPORT BRIEF

SOVIET PLANNING CONFERENCE RECOMMENDS IMPROVEMENTS  
IN ECONOMIC INDICATORS

OFFICE OF RESEARCH AND REPORTS

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SOVIET PLANNING CONFERENCE RECOMMENDS IMPROVEMENTS  
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The calculation and use of industrial performance data by Soviet planners and economic administrators will be simplified if a change recommended by a recent planning conference is adopted. The USSR now reports its industrial growth in terms of the concept "gross production" (valovaya produktsiya). More detailed analysis of plant and branch-of-industry performance, however, often makes use of another concept called "commercial production," (tovarnaya produktsiya) which as a general indicator differs from "gross production" principally in that it takes no account of changes in the amount of work still in process at the end of an accounting period. The conference recommended that in the future all analyses of industrial performance as a whole use the concept "commercial production" in constant and in current prices. A press report of the conference activities revealed that, in anticipation of this change the definition of "commercial production" recently was changed, virtually eliminating the differences between the two concepts.

The planning conference was held 14-18 March, 1/ by the Scientific Research Institute of the State Economic Council (Gosk6-nomsovet) pursuant to a directive of the July 1960 Plenum of the Communist Party, and attended by representatives of the planning organs, the councils of national economy (sovnarkhozy), enterprises, and scientific institutions.

On the basis of data presented covering the trial use of selected value indicators at some 500 industrial enterprises during the latter half of 1960, the conference agreed that no single indicator could be used to measure the volume of work in all the different branches of industry. The conference therefore recommended that, in addition to using a single value indicator throughout all industry, special and different indicators for volume of work be established for use in the different branches of industry. Indicators studied by the conference, in addition to "gross production" and "commercial production," were: 1) "commercial production excluding expenditures for materials," 2) an indicator based on standard costs (normativnaya stoimost' obrabotki), 3) an indicator based on the value of the final output of the basic production plus the value of auxiliary production, and, 4) for certain industries, the statistic of gross turnover.

As the general indicator the conference recommended use of the statistic, "commercial production" since it would best insure the necessary connection between the plan for volume of work and other financial plans such as the cost plan and the plan for accumulation. The newspaper report of the conference, however, went ahead to say:

"In separate branches, in accordance with the already existing arrangement, it will be necessary to calculate the indicator of commercial production in terms of exemption from the factory method, that is, including inter-factory turnover and, at the enterprises having a particular long cycle of production (heavy industry, shipbuilding, and a series of others), including the change in the balance of unfinished work."

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Thus the recommendation of a shift from use of the statistic, "gross production," to use of the statistic, "commercial production," is not a recommendation to shift from "gross" to "commercial" as we now know it, but rather from the present "gross" to something new.

Detailed discussion of these concepts, became available to Western analysts in 1955, 2/ and in subsequent discussions 3/ the essential difference between these two concepts has remained the same. For each factory the value of "commercial production" has represented the value of finished product realized or intended to be realized, semi-fabricates delivered to others, work of an industrial nature done for others, work done on the materials of others, and capital repair work on own equipment and means of transport. 4/ "Gross production" differed from "commercial production" by the inclusion of the value of the materials supplied by others upon which work is done for others, 5/ by any change in the value of semi-fabricates produced for own use in further production, the value of special instruments, forms, models, and appliances produced for own use, 6/ and by the value of two exceptions which factories were permitted to add into the value of their "gross production" but not into the value of their "commercial production." One of these exceptions was that, in certain branches of industry, in particular in certain branches of food and light industry, a factory was allowed to report as production the whole value of an intermediate product as well as the value of the final product. 7/ The other was that, in branches of industry having a long cycle of production, such as machine building, the reported value of the "gross production" included any change, in the value of unfinished production. 8/

The report of this conference, however, revealed that "commercial production" has already been redefined to include the two exceptions. Hence the new concept of "commercial production" will differ from the old concept of "gross production" only by such insignificant amounts as the value of the materials involved in work done for others on materials supplied by others and the amount of change in stocks of semi-fabricates and special instrumentation, which in certain branches of food and light industry is disregarded. 9/

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